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Procedia - Social and Behavioral Sciences 92 (2013) 314 – 322

Procedia
Social and Behavioral Sciences

Lumen International Conference Logos Universality Mentality Education Novelty (LUMEN 2013)

Transition from Educational System to Labour Market in Romania

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Abstract

The issue regarding the transition from school to employment has become more important and actual within Romania's economic restructuring, at the same time with the more alarming manifestation of youth unemployment. These concerns are not specific only to our country, but they exist in all countries and get more and more complex dimensions, in the knowledge-based economic framework. The impact of a generation which suffers due to exclusiveness effects will act together with the political and social evolution that is going to mould Europe over the following years.

After a brief presentation of the Romanian and European documents referring to the social inclusion of the youth, this work deals with an analysis of the youth's needs from the perspective of employment and the of the intervention capacity of different interested factors in Romania. The results provide a substantial support for distinct models of access to the labour market, regarding the layering of the exclusion, downgrading risk and labour market mobility of LM entrants in Romania.

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Selection and/or peer-review under responsibility of Lumen Research Center in Social and Humanistic Sciences, Asociatia Lumen.

Keywords: school-to-work transitions; school leavers; mobility of young; young unemployed

Introduction

In the European Union, in 2012, young people between 15 and 29 years of age, according to Eurostat statistics, account for more than a fifth of the whole population. Even though modern Europe offers unprecedented opportunities for young people, however, they face some challenges (aggravated by the economic crisis as well) related to the education and training system and the access to the labour market. Unemployment among young people is very high, ranging between 9.8% and 22.9% over 2008-2012. In this context, reaching

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the goal of 75% for the labour force occupation among the population aged 20-64 in “Europe 2020” strategy requires the improvement of measures/youth transition pathways to the labour market (Monti, 2010). The issue of young people’s social inclusion has always been on the political agendas, but a significant rise has been noticed only over the past two decades. In the European context, since 1988 up to now, specific programs have been implemented, such as “Youth for Europe”, but the first strategic document dedicated to young people, “The White Paper on Youth”, was released in 2001. It proposes a collaboration among the Member States of the European Union towards a prioritization of some sectors, namely: participation, information, voluntary service, understanding and knowledge of youth. For the period 2010-2018, the guidelines of European action in the field of youth have been brought together in a strategic document “Youth – Investment and Empowering” (“EU Strategy for Youth – Investing and Empowering. A renewed open method of coordination to address youth challenges and opportunities”), aimed at youth-related policies in Europe in terms of education, employment, social inclusion, civic participation, entrepreneurship, etc.

The low participation of young people and of vulnerable groups on the labour market has been seen as one of the main challenges on short and medium term also by the National Strategy on social protection and social inclusion, 2008-2010. In our country, “the National Development Plan 2007-2013” (NDP) proposed by the Romanian Government identifies the problem of young people integration on the labour market as one of the action priorities, following the rise of the unemployment rate among them. The Government put the integration of young people on the labour market in tight connection with the ability of the educational system to provide the skills and qualifications that are relevant and fit for the market requirements. In the context of an increasing unemployment rate, young people are finding it harder to get a job and many of them might decide to extend or to resume their studies. This could represent an investment for the future, on the condition of obtaining the appropriate skills. However, the reality is that many young people are not participating in the labour world, nor in the one of studies. Permanent job cuts during the crisis have affected youngsters disproportionately, these being overrepresented under the aspect of temporary contracts (Bell D. N.F. and Blanchflower D. G., (2011). Although temporary contracts may constitute a first step towards more stable forms of employment, this fact can create segmented labour markets, young people being trapped in the lower segments of them, with less in-service training, lower levels of payment and worse perspectives in terms of long-term employment and career. The difficulties on the labour market also have a negative impact on higher-educated young people aged between 25 and 29, to whom is harder to find a job suited for their qualifications (David N.F. Bell, David G. Blanchflower, (2011)). The problems that young people are facing on the labour market have significant consequences on the level of their livelihood, on their families and on the national or international communities of which members they are. The most significant effects of youth inactivity are: the risk of poverty, the inability to play an active role in the development of society.

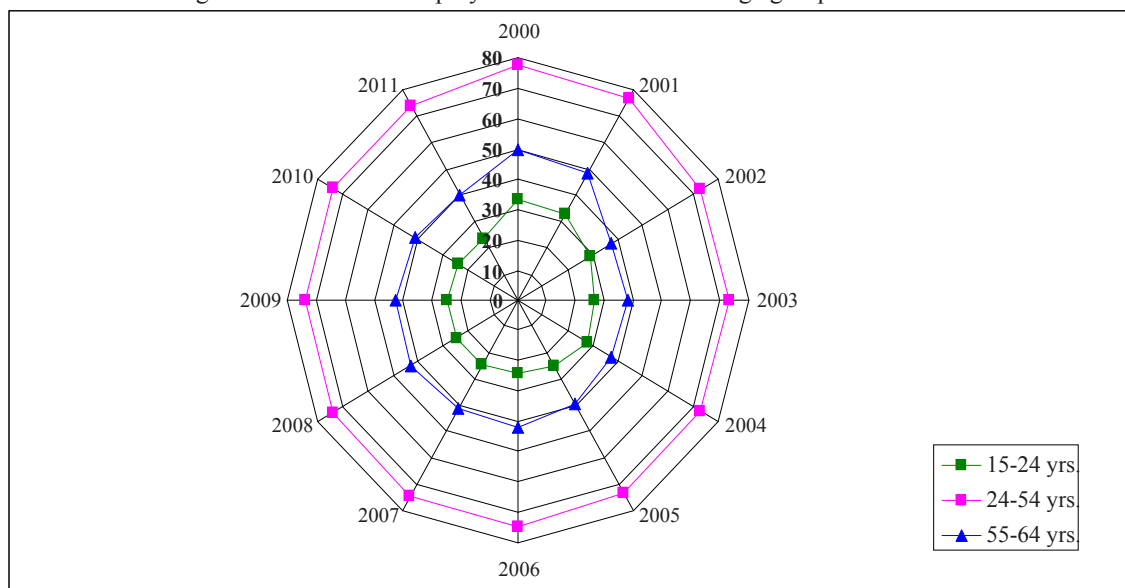
1. Transition from school to labour market in Romania

In Romania, as in most countries in Europe, extending the period of schooling has become a long-term phenomenon. As a result of the economic growth dynamics over 1950-1975, the demand for qualified workforce with increased levels of education also grew. In recent decades, the growing unemployment as well as the worldwide increasing competition have highlighted the need to improve the general education level of labour force in Europe. The knowledge-based economy which is already a feature of many European countries requires people to be able to renew their skills through continuous learning throughout life, so as to ensure employment over time, and to participate in and to fully integrate into a changing society. The growth of life expectancy and the number of years a young person spends in the formal education system is today at an average of 17 years, far higher than over the past decades of the 20th century. In Romania, compulsory education ends at age 16, while in most European countries, it ends at an age comprised between 14 and 17 years (which corresponds to the end of

the lower secondary education), after which young people may choose, at any time, to continue their education or to enter the labour market.

Romanian statistics, as well as the European ones, show that most young people choose to continue their education after the compulsory one, some of them choosing alternative ways. During the last years of study, there were more young women than young men that remained in the education system. Thus, statistical analyses indicate that, starting with the secondary education, gender differences come up: in countries such as Belgium, Denmark, Estonia, Slovakia, Finland, Sweden and the United Kingdom of Great Britain, as the number of girls exceeds that of boys. In Romania, the gap between the young women and young men in upper secondary education amounted in 2010 to 29,223 thousand people, continuing the trend of the EU-27. The transition from education to employment is an important process for young people. This process can vary significantly between different countries and national systems depending on the duration and nature of the transition process, the level and persistence of unemployment among young people, the types of jobs and contracts obtained by young people (David N.F. Bell, David G. Blanchflower, (2011). The analysed reference population is the young people aged 15-24. Despite the fact that young people today are less numerous and better educated than the previous generation, there are still difficulties in accessing the labour market. Many of those who have already obtained a job often find out that such job is not stable. There are several reasons for this, including: the mismatch between the skills acquired during their education and training and the labour market requirements and general conditions, etc. In periods of recession, companies would reduce the size of and, implicitly, the recruitment programs, given that there will be available more qualified experts on the labour market. The employment rate among young people aged between 15-24 is far lower than that of the segment of 24-54 and of 55-64 year-olds in Romania (Figure 1).

Figure 1 Evolution of employment rates for different age groups in Romania



Data source: Eurostat statistics (online data code: [lfsi_emp_a])

1.2. Characteristics of young people employment on the labour market

The decision of the young people to enter the labour market, thus becoming active in economic terms or to continue their studies depends on many factors, including: the motivation to continue the studies, financial means available to them, cultural motivation, socio-economic context and the general situation of the labour market. In 2011, 33.6% of the young Europeans aged 15-24 were active in economic terms, dropping by 3.1 pp. as compared to the employment rate in 2000 (Figure 2). In Romania, the employment rate has dropped over the past decade, this, in 2011, it amounted to 23.8% (less by 4.9 pp. than in 2000, and by 1 pp. as compared with 2008).

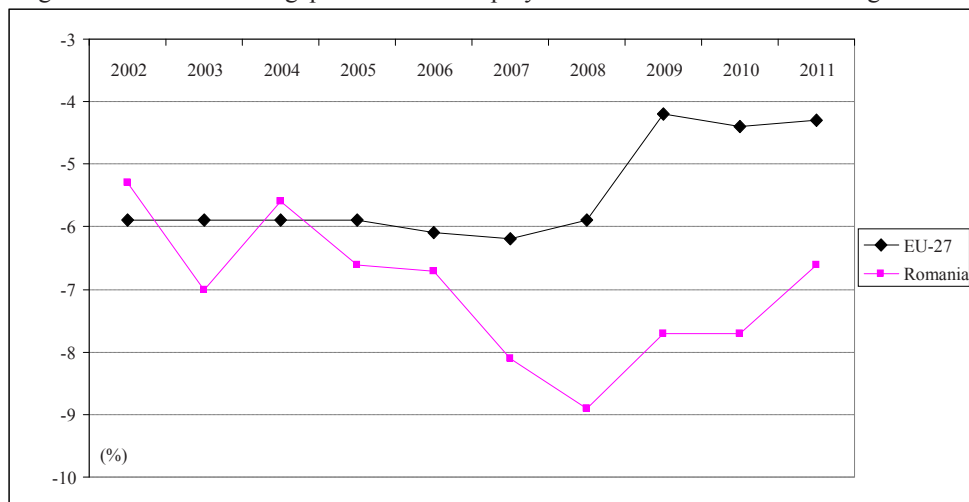
Figure 2 Evolution of employment rate among young people aged 15-24 in Romania and in the EU-27



Data source: Eurostat statistics (online data code: [lfsi_emp_a])

Employment rate by gender has the same trend as the one at European level: the rate of men is higher than that of women. Thus, the employment rate among young men was 27% in 2011 (8.7 pp. lower than in the EU-27) and the young women employment rate was 20.4% (11 pp. lower than in the EU-27). The impact of the financial and economic crisis on the labour market in Romania has been reflected in the employment rate of young people. The economic recession has had the effect of further lowering the rate of employment of young women than men of the same age. In Romania this process was much more pronounced than in other EU Member States, or from the EU-27 average (Figure 3). Thus, in 2008, the gap between the employment rate of young women and that of the young men was 8.8 pp. in Romania, against 5.9 pp in the EU-27, with a tendency to decrease in 2009, nevertheless with a dynamic drop in Romania than in the EU-27.

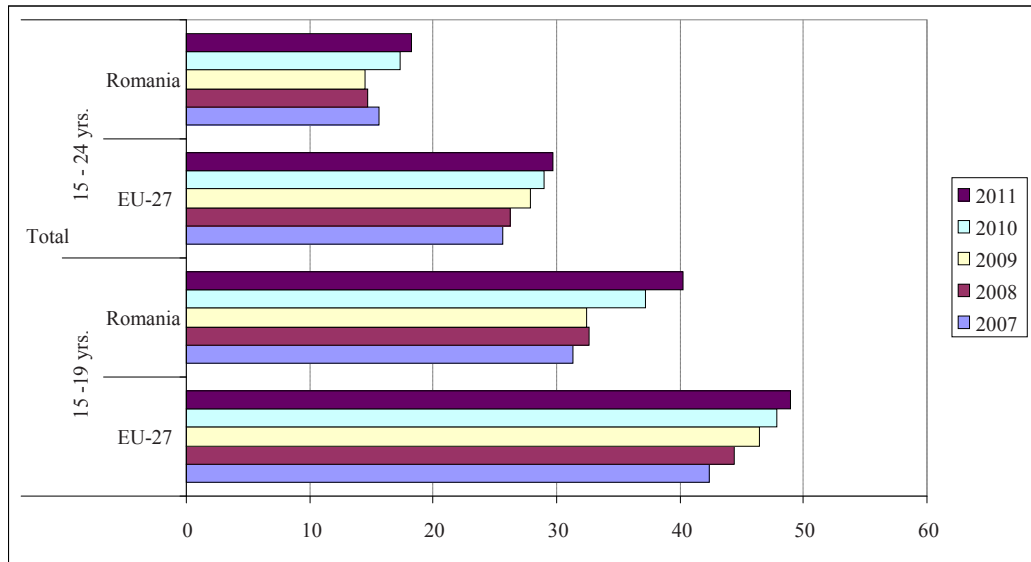
Figure 3 Evolution of the gap between the employment rates of women and men aged 15-24



Data source: Eurostat statistics (online data code: [lfsi_emp_a]), author's calculations

Analysis of the employment rate of young people by activities of national economy highlights a drop in most sectors, the only ones that have registered growth during the recession being: "Agriculture, forestry and fisheries" and "Accommodation and food service activities". As regards the youth employment rate by sex and by the activities of the national economy in Romania, currently, there is data available for all sectors. The analysis of the existing statistics reveals distinction in terms of employment by economic activities. Thus, sectors like "Transport and storage", "Construction" and "Administration" are mostly occupied by young men and sectors like "Education", "Health and social assistance" are occupied by young women. In the "Manufacturing industry", even if the employment rate of women is relatively high (68.4% in 2008, 38.6% in 2011), it is still lower than that for men employed in this sector (78.9% in 2008 and 55.8% in 2011). Another common area of activity is the "Accommodation and food service activities", but here the share of employed women aged 15-24 is higher than that of men belonging to the same age segment (14% men and 16.1% women in 2011). In relation to employment by occupational structure, in 2002-2011 significant changes occurred, some of them being caused also by the recent economic recession. Thus, the number of technicians, instructors and those assimilated dropped from 184.3 thousand to 68.9 thousand persons in the year 2011, and the experts with intellectual and scientific professions grew by 42% over the same time span. The number of young females in this field exceeded by far that of the males (table no. 2 - Annex 1). The number of young craftsmen and workers in artisanal crafts dropped significantly and the one of workers in the services and commerce field has grown. For many young people, who have a temporary or part-time job, this period can be seen as an important step towards permanent employment. However, temporary contracts limit the financial and personal autonomy. In Romania, during the period 2007-2011, the share from the total number of occupied people of the part-time employment among the young grew for the 15-19 year-olds (Figure 4), similar to the EU-27 and recorded an oscillating evolution for the young aged 15-24.

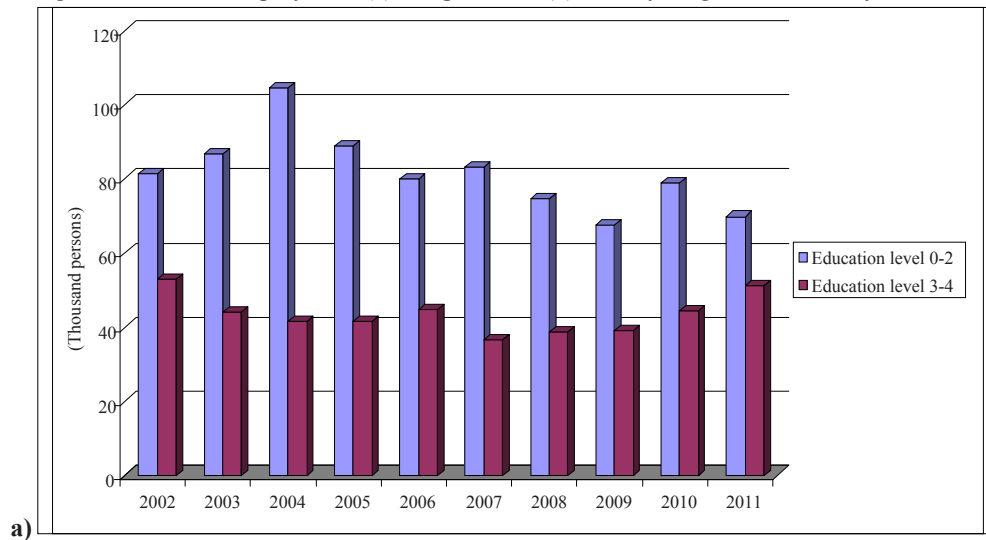
Figure 4 Part-time employment of the young aged 15-19 and 15-24



Data source: Eurostat statistics (online data code: [lfsa_eppga])

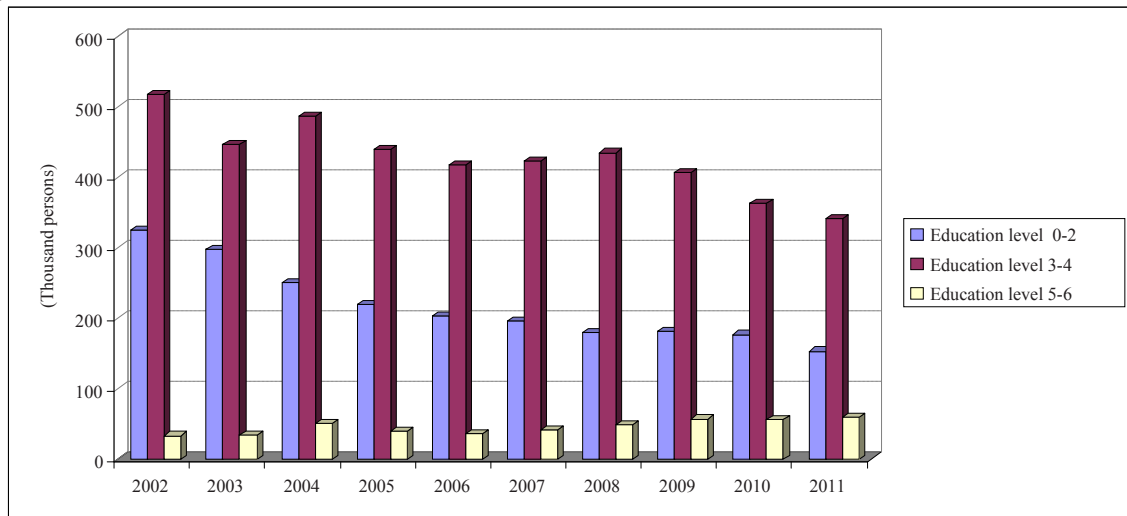
The distribution by sex and age groups of the partial employment among the young highlights that in Romania the share from the total population of young females, by age groups, employed in a part-time program is lower than the share of employed young males. These evolutions are opposite to those in the EU-27, where the weight of young women in total employment is higher than that of young men with part-time jobs. Employment of young workers in the full-time or part-time system depends on sex, but also on the highest attained level of education. For Romania, the statistics show that the part-time system is covered by young with education levels 0-2 (pre-school, primary and lower secondary education) (figs. 5 a-b).

Figure 5 Full-time employment (a) and part-time (b) of the young labour force by attained levels of education



Data source: Eurostat statistics (online data code: [lfsa_epgaed])

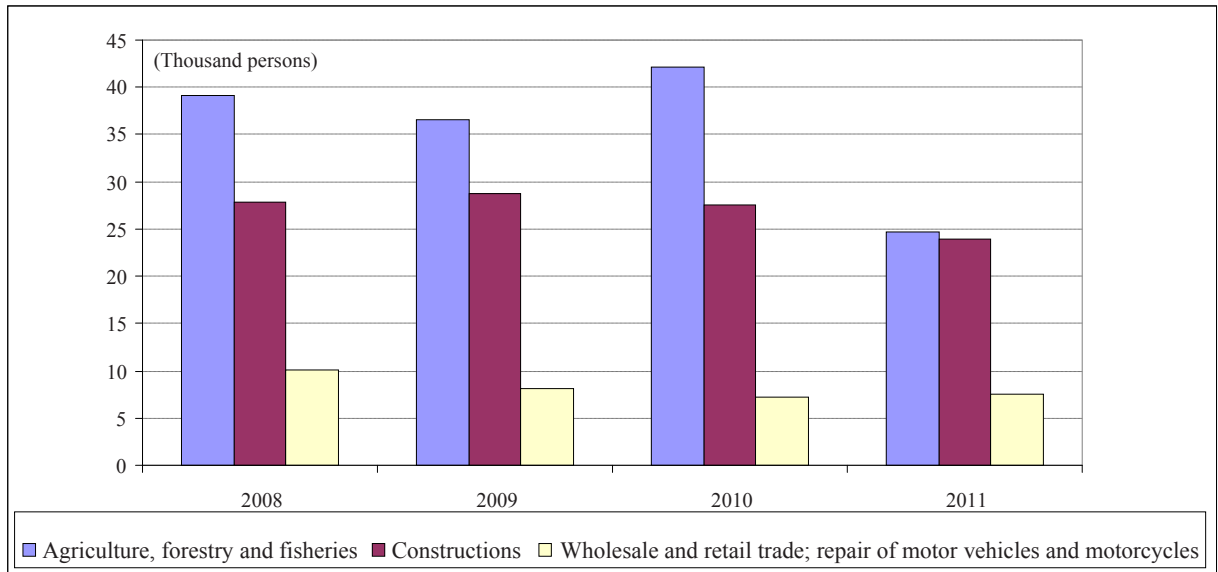
b)



Data source: Eurostat statistics (online data code: [lfsa_epgaed])

As for *young entrepreneurs*, in Europe the weight of young people who have their own business is very low: about 4% of the young people aged 15-24 and 9% of the ones aged 25-29 are freelancers. A general feature of all the Member States is the fact that the percentage of freelancers is higher for the age group of 25-29 year-olds, than for the 15-24 year-olds. In Romania, a drop of the number of freelance workers has been registered over 2008-2011, from 89.4 thousand people in 2008 to 72.6 thousand people in 2011. The data available on the activities of the national economy indicates that most of them are in the fields of "Agriculture" (24.7 thousand people in 2011), "Constructions" (24 thousand people) and of "Wholesale and retail trade; repair of motor vehicles and motorcycles" (7.5 thousand people) (Figure 6). The variation in the number of self-employed workers in these sectors was influenced both by the economic recession, as well as by specific conditions in the country.

Figure 6 The variation in the number of self-employed workers in some economic activities



Data source: Eurostat statistics (online data code: [lfsa_epgae2])

As in most of the EU-27 Member States, as well as in Romania, men accounted for the majority of the self-employed. Over 2009-2010, the average gap between self-employed men and self-employed women was of 54.3 thousand people and in 2011 it dropped to 34.8 thousand people as a result of the significant drop of the number of employed young men and due to a slight growth of the number of females in this segment of professions. Young entrepreneurs have different levels of education and training. In most Member States, entrepreneurship seems to be much more prevalent for young people with higher secondary studies. From this point of view, the Member States can be grouped as follows: Bulgaria, the Czech Republic, Denmark, France, Italy, Austria, Portugal, Slovenia, Slovakia and Sweden in which most young entrepreneurs are graduates of upper secondary education; Estonia, Latvia, Lithuania and Luxembourg in which most have tertiary studies and Romania, where most entrepreneurs have primary or lower secondary studies. 53.6% of young entrepreneurs were in the 2002 graduates of levels 0-2, dropping to 47.73% in 2011. Among the most important motivations for starting up a business there were the desire for earnings and for new challenges, the prevention of unemployment etc.

Conclusions

Europe's future prosperity depends on its young. The young in the EU account for nearly 100 million or a fifth of the total EU population. Despite unprecedented opportunities offered by modern Europe, young people are facing some challenges - worsened by the economic crisis - related to education and training and access to the labour market. Unemployment among the young is unacceptably high, hovering around 21%. In order to reach the objective of employment of 75% for the population aged 20-64, the transition of young people to the labour market needs to be radically improved. By the year 2020, it is estimated that 35% of the jobs will require high level qualifications, combined with the ability to adapt and innovate, as compared to the current 29 %. This means 15 million more jobs requiring higher qualifications. An increasing number of jobs require digital skills, but the EU economy suffers from a shortage of highly qualified personnel in the field of IC&T. The percentage of young workers is decreasing in almost all the Member States. This situation reflects a continuous decline in the birth rate. Distribution by activity sector shows that, in the EU-27, the highest weight of young workers can be

found in the sector of hotels and restaurants (22.7%) and in the trading sector (16.3%). Youth employment is, at the level of public policy, at the crossroads between employment policies, social inclusion policies, educational policies and policies for the youth. Given the nature of the multi-dimensional approach on the youth employment, a social inclusion approach on this age sector is a big challenge for the public institutions, as young people are, in the end, the engine for a sustainable economic development.

In terms of supporting the transition of the young from school to work, it is necessary to adopt measures and policies, including:

- the Member States, in cooperation with the social partners, should aim at a substantial increase of the possibilities of the existing apprenticeship in the EU and to ensure that they provide real opportunities for young people in terms of experience and specific training acquired at work, thus facilitating the transition to more stable forms of employment;
- social partners should consider, together with the authorities of the Member States, the most appropriate ways of implementing the specific objective "the promotion of more numerous and better quality apprenticeship internships";
- substantial strengthening support for education mobility of students in higher education and of those who carry out training courses;
- intensify efforts to implement guarantees for the young, ensuring that, in four months after the school ends young people are already working or continue their education or they are (re)qualifying, paying particular attention to young people who leave school early and to other vulnerable young people;

In 2011, in Romania, 68% of the young people aged 25-29 was part of the active population, representing the lowest percentage for this category from 2002 through 2011. Even though today the number of young people is lower, nevertheless they are and better educated than their predecessors belonging to the previous generation, there are still difficulties in accessing the labour market. Many of those who were hired often have unstable jobs. There are several reasons for this, such as the disparity between the skills acquired in education and the labour market requirements, as well as the general conditions of the labour market. In difficult times, companies will downsize recruitment programs, and the available positions will be rather for qualified experts.

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